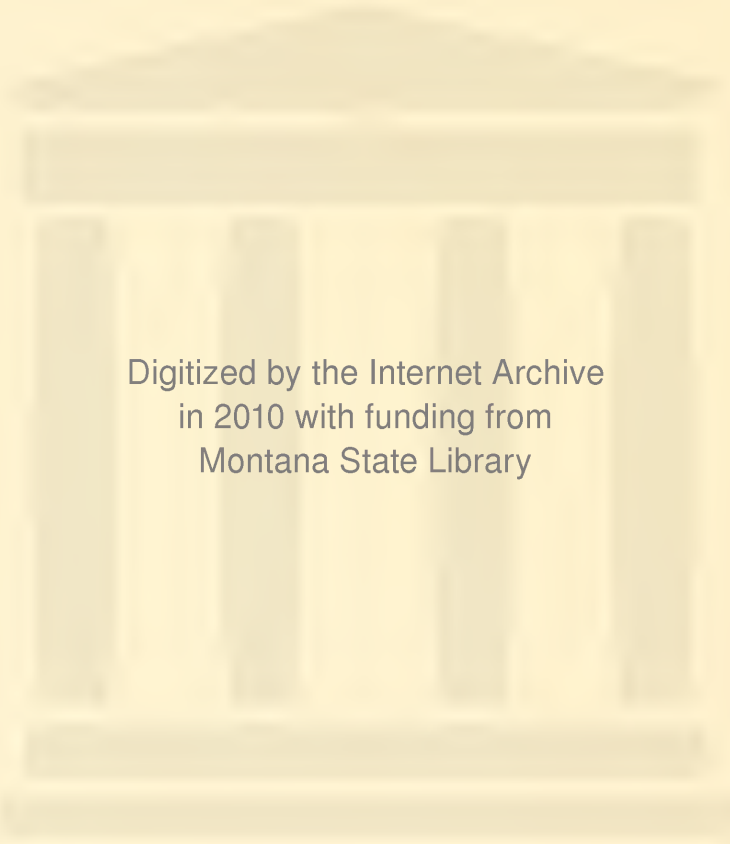

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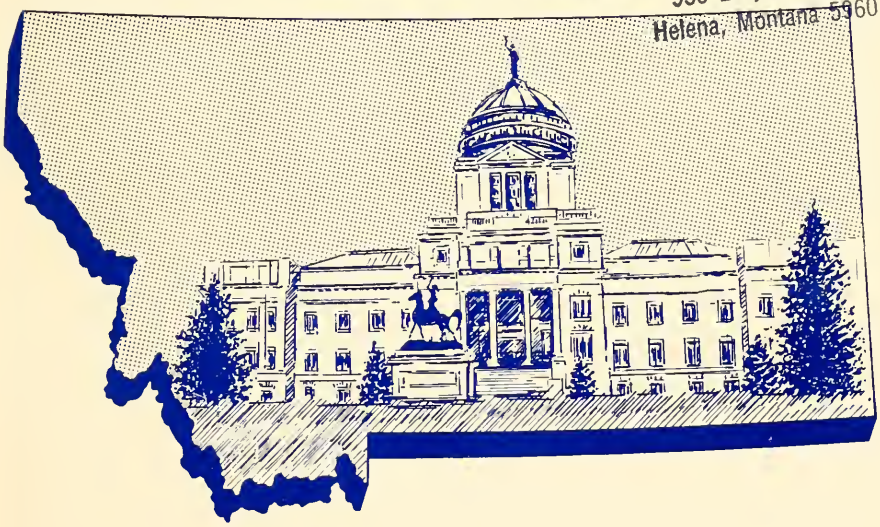

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DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT DIVISION

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INTRODUCTION

The purpose of this handbook is to provide you with basic information about your retirement plan.

Related data noted herein is based on the Public Employees' Retirement System Act, Title 19, Chapter 3, M.C.A., and Board rules and regulations contained in the Administration Rules of Montana.

The information in this brochure may not answer all your questions about your retirement plan or cover all aspects of your retirement. A letter of inquiry to the Public Employees' Retirement Division is encouraged for specific questions.

BOARD MEMBERS

Name	Occupation	Location	Termination Date
John L. Prebil	Administrator Centralized Services Div. Department of Highways	Helena	4/1/80
Robert L. Batista	Cascade County Surveyor	Great Falls	4/1/82
Fred L. Barrett	Administrator Employment Security Div. Dept. of Labor & Industry	Helena	4/1/84
William N. Cocales	Businessman	Billings	4/1/83
Kevin J. Shannon	Insurance Underwriter	Butte	4/1/81

ADMINISTRATIVE OFFICERS

Lawrence P. Nachtsheim . . . . . Administrator

Jim E. Turcotte . . . . . Assistant Administrator

LEGAL ADVISOR

J. Michael Young, Attorney . . . . . Department of Administration

THESE BROCHURES ARE AVAILABLE UPON REQUEST

from the

Department of Administration
Public Employees' Retirement Division
1712 Ninth Avenue
Helena, Montana 59601

406/449-3154

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BRIEF HISTORY

The Montana Public Employees' Retirement System (P.E.R.S.) originated July 1, 1945, with an appropriation of $35,000 as a result of an employee referendum. Prior to that date, Montana public employees had no retirement plan.

The first benefits were paid in 1947 and since that time P.E.R.S. has continued to grow from a membership of 3,230 to approximately 34,000 on July 1, 1979.

Annual benefit payments have increased from $108,000 in the fiscal year 1947-48 to $14,200,000 in the fiscal 1978-79, with an asset growth from the $35,000 appropriation to $208,000,000. Improved employee benefits have occurred consistently through legislative amendments since 1945.

The year 1956 proved to be an eventful year when state employees became eligible for Social Security membership. The combination of P.E.R.S. retirement and Social Security benefits provided a better, if not always ample, income for the state retiree. In both plans the years of service plus the average highest salary determines the benefit you will receive when you retire. (Different methods are used to calculate the average benefit for P.E.R.S. and Social Security.)

A five-member board made up of three public employees and two non-public employees is appointed by the Governor for staggered five-year terms. The Board is responsible for establishing retirement policy, initiating necessary legislation for efficient retirement administration, determining membership and retirement eligibility for seven other retirement programs in addition to P.E.R.S.

1. Judges' Retirement System
2. Game Wardens' Retirement System
3. Municipal Police Officers' Retirement System for First and Second Class Cities
4. Highway Patrolmen's Retirement System
5. Sheriffs' Retirement System
6. Pension Fund for Volunteer Firemen of Unincorporated Areas; and
7. Administrator of the Social Security Federal-State Agreement

I. MEMBERSHIP

A. ELIGIBILITY

1. Mandatory

(a) Any person that will be employed by any covered agency (state, county, city, school district, or other eligible public agency) for a period of 60 working days, or, 480 hours, in any fiscal year, must become a member on the first day of employment.

(b) A retired member returning to work for an agency covered by P.E.R.S. for more than 60 working days in any fiscal year shall be reinstated as an active member.

2. Elective Membership

The following employees can elect to become members by filing an application for membership with the Public Employees' Retirement Board:

(a) Elected Official

(b) Persons who are employed at age 60 or older, with no previous creditable service

(c) Direct appointees of the Governor

(d) Employees of county hospitals and county rest homes in 6th and 7th class counties

(e) Persons employed temporarily during the legislature

(f) Persons who are employees of an agency contracting coverage under P.E.R.S. and vote in the election for P.E.R.S. membership, may elect to be excluded at the time the contract is approved.

1. Persons employed by that agency after the system is in effect, do not have an option to be excluded.
2. Employees who elected to be excluded and later terminate, must become a member if employed by a covered agency.

(g) Employees whose positions are funded under the Federal Comprehensive Employment and Training Act (CETA) may elect to be excluded from P.E.R.S. membership by filing a written application with the Board.

(h) The chief administrative officer of any city or county may elect to be excluded from membership. Written application must be made to the Board no later than 7/1/79, or, 30 days after initial employment by county or city, whichever is later.

3. Exclusions

(a) Persons receiving credit in other retirement or pension plans funded fully or partially by the United States Government, State Government or political subdivisions, except as provided for in Section 19-3-403, M.C.A. (The purpose of this provision is to prevent a person from receiving credit for the same service in two retirement systems supported wholly or in part by public funds.)

(b) Inmates of state institutions who receive compensation from training or services performed within their capability.

(c) Independent contractors who do not possess a written contract that specifies an employer-employee agreement for the purpose of retirement coverage under the P.E.R.S.

(d) Employees not exceeding the equivalency of 60 working days (480 hours) in one fiscal year.

(e) Court commissioners or appointive members of any board or commission who serve the state or any contracting employer intermittently and are paid on a per diem basis.

(f) Students of any public elementary school, high school, vocational-technical center or community college or any unit of the State University System.

4. Eligibility of Federally Subsidized Employees-National Guardsmen

(a) A person whose compensation is paid either fully or in part from federal funds, but is not subject to the federal retirement system, may choose to be a member of the P.E.R.S. entitling him to all benefits providing he makes all employee contributions under the retirement system, based upon his salary, including the portion paid by the federal government.

(b) Members of the Montana National Guard and Air National Guard may, while he is an employee of either unit, choose to apply for membership with the P.E.R.S. and receive credit for prior service as provided in Section 19-3-505 and 19-3-506, M.C.A. 1978.

B. SERVICE CREDITS

1. Creditable Service

Service credits are accumulated from the first day of employment for any person employed by an agency covered by P.E.R.S.

2. Prior Service

"Prior Service" means all service rendered as an employee of the State of Montana before July 1, 1945, and all service rendered as an employee of any contracting employer before July 1, 1947.

A member with 5 or more years of creditable service, of which not less than 3 years has been as a contributing member of the retirement system, can be granted credit for any **prior service** not previously granted, by:

(a) Filing written notice of intent with the Board; and,

(b) Furnishing the Board with proof of the prior service certified by the employer.

No remitance for contributions or interest is required for prior service credits.

3. Retroactive Service

(a) An active member who has service with an employer which has not been credited, may convert all or a portion of it to membership service provided:

1. He has filed written notice of intent with the Public Employees' Retirement Board.
2. Payment to the Public Employees' Retirement Board has been made for the total employee and employer contributions that would have been contributed plus accured interest. This interest is not tax deductible but is added to the contributions of the member. The employer contribution *may* be paid by the employer.
3. A person transferring from a CETA position to a membership status as an employee of a covered agency, files an application with the Public Employees' Retirement Board within 1 year of the transfer date.

(b) Conditions

1. To secure credit for service not previously credited, a member must submit to the Board, salary information certified by his employer or former employer. Eligibility of all service credit will be determined by the Board.

2. Payment of contributions and interest due may be paid in one lump sum at the time the request is filed; or,
3. Installment payments may be made in accordance with provisions in Section 19-3-505(4), M.C.A. 1978.
4. Failure to make regular monthly payments in any month where the member receives his normal compensation, shall forfeit his right to make any further installment payments.

4. Military Service

A member with 10 years or more of qualified creditable service may, at any time prior to retirement, make a request to qualify all or any portion of his active service with the United States Armed Forces for the purpose of calculating his retirement benefits.

(a) Restrictions

1. One year of military service may be qualified for each year of P.E.R.S. service in excess of 10 years. Service credits cannot exceed a maximum of 5 years.
2. A person receiving a normal military retirement benefit may not qualify his military service except as provided in Section 19-3-503, M.C.A. 1978. For clarification of this section, you may contact the P.E.R.D.

(b) Procedures for Qualifying Military Service

1. A copy of the member's military papers must be provided to the P.E.R.D. office, showing the active duty entry date and discharge from the armed services.
2. Submit a completed application form.
3. The member must contribute to the retirement fund the amount due. The amount due is based on the normal contribution rates of the eleventh year and succeeding years, plus the interest (not tax deductible) from the date he becomes eligible to qualify this service.

5. Transfer of Service Credits

(a) When a member transfers from P.E.R.S. to the Teachers' Retirement System, or vice versa, both prior and membership service, shall be transferred to the system under which he is currently employed, except those service credits that were forfeited by withdrawal and have not been reinstated.

(b) Any person who is employed simultaneously by employers under both systems is entitled to establish credits or equities in each of the systems in accordance with, and to the extent, provided by the Public Employees' Retirement Act, Title 19, Chapter 3, M.C.A. 1978.

(c) Eligibility of any such person for a retirement allowance, death benefit or refund of contributions is governed by the provisions of the system he last made contributions to and is based upon the entire length of service credited to his account.

6. Membership Application

Each contributing employee must complete a membership card upon employment or upon name change. The employer must forward the completed card to the Public Employees' Retirement Division.

No benefit will be paid or a refund of contributions made unless the P.E.R.D. has a completed membership card in their files. Primary and contingent beneficiaries should be named and kept current by the member (marriage, children, divorce, death of beneficiaries). All could be reasons for change of beneficiary.

II. CONTRIBUTIONS

A. MEMBER'S CONTRIBUTION

The employer shall deduct and remit to the P.E.R.S., 6% of the gross salary of each contributing employee. Each employee's contribution is deposited in their individual account and accrues interest at the rate of 7% compounded annually.

B. EMPLOYER'S CONTRIBUTION

Each month the employer shall contribute to the P.E.R.S., 6.2% of his total payroll.

Employer contributions provide funds for retirement, disability and death benefits.

The employer contributions are not matching funds to employee contributions.

C. REFUND OF CONTRIBUTIONS ON TERMINATION OF SERVICE

Any member whose service has been discontinued for any reason other than death or retirement, may elect to withdraw his accumulated contributions, including regular interest, provided:

1. He notifies his employer of his intent and makes written request on an application furnished by the employer.

2. The application must be completed, signed, notarized and submitted to the Board by the employer.

It is **IMPORTANT** that the member making the request read the reverse side of the application and understands the waiting period that occurs before refunds can be made.

The waiting period is usually 45 to 75 days from the date of termination if the refund application is properly filed at the date of termination.

D. REINSTATEMENT OF MEMBERSHIP AFTER WITHDRAWAL OF CONTRIBUTIONS — REDEPOSIT OF CONTRIBUTIONS

1. Any person that has previously withdrawn their normal contributions upon termination is automatically reinstated as a member after re-employment by a contributing agency, without credit for any previous membership service.

2. A new membership card must be filed, complete with beneficiary information.

3. Upon reinstatement, a member may choose to buy back any previous service credit by redepositing the refunded contributions, plus the interest which would have accrued had the contributions remained on deposit. (Not tax deductible)

III. SERVICE AND EARLY RETIREMENT

A. SERVICE RETIREMENT: A member is eligible for retirement benefits if:

1. He has reached the age of 60 and completed a minimum of 5 years of creditable service.

2. He has reached the age of 65 regardless of the number of years of creditable service.

3. He has completed 30 years or more of creditable service, regardless of his age.

B. EARLY RETIREMENT

A member who is not eligible for "service retirement" but has reached the age of 55 and completed a minimum of 5 years of creditable service is eligible for a reduced benefit.

C. APPLICATION FOR EARLY AND SERVICE RETIREMENT

1. Written notification should be submitted to the P.E.R.D. at least 3 months before the anticipated retirement date.

2. No estimate will be made more than 6 months in advance of an anticipated retirement date. For retirement anticipated beyond the 6 month limit, a member can estimate from Tables I and II of this brochure.

3. The following information must be provided when requesting an estimate:

   (a) Anticipated retirement date
   (b) Birthdate of member
   (c) Birthdate of beneficiary
   (d) Address where you wish the information to be mailed

4. A retirement application will be sent with each estimate.

5. Upon receipt of the estimate, a member may contact the P.E.R.D. office, if they wish clarification of their retirement options or have any relative question. Questions will be answered in writing or at a personal interview.

6. The retirement allowance commences on the first day following the month of termination of employment or the first day of the month in which a properly completed retirement application is received, whichever is later.

IV. DISABILITY RETIREMENT

A. DEFINITION

"Disability means disability of permanent duration or disability of extended and uncertain duration as determined by the Board on the basis of competent medical opinion.

B. ELIGIBILITY

Any member with 5 or more years of service who is not otherwise eligible for a service retirement may apply for a disability.

C. APPLICATION FOR DISABILITY RETIREMENT

1. Submit a written request for an estimate of retirement benefits.

2. The following information must be provided when requesting an estimate:

(a) Last day of employment

(b) Birthdate of member

(c) Birthdate of beneficiary

(d) Brief description of disability

(e) Address where you wish the information to be mailed.

3. With his estimate, the member will receive:

(a) Disability claim form

(b) Attending Physician's Statement

(c) Election of retirement option form

4. This claim may be filed on a member's behalf by any other person, including the employer or the Board, upon its' own motion.

5. When the completed disability claim form and the Attending Physician's Statement is returned to the P.E.R.D. office, the Board will determine whether or not the member will be granted a disability retirement allowance. The Attending Physician's Statement must be completed and submitted **directly to the P.E.R.D. office by the medical doctor**.

6. Claim must be made within 4 months after the member's discontinuance of service, unless the member is continuously disabled from the last date of service to the date the application is filed.

7. The Board will consider a disability claim only after all accumulated sick leave has been used.

D. INDUSTRIAL DISABILITY ALLOWANCE

A member sustaining a job-related disabling injury, **prior to July 1, 1977,** should contact the P.E.R.D. office regarding an industrial disability allowance. There is no minimum service requirement for this retirement benefit.

E. CANCELLATION OF DISABILITY RETIREMENT MAY OCCUR WHEN:

1. The Board determines that the retiree is able to return to his original employment or a similar position.

2. The disabled retiree is re-employed by a contributing agency.

3. The retiree refuses to submit to a medical examination.

4. The retiree refuses to accept the position offered, after it has been determined that he is able to return to work.

5. If a disabled retiree should engage in a gainful occupation for an employer not covered by P.E.R.S., his retirement allowance shall be reduced to an amount which when added to the outside earnings shall not exceed the amount of his compensation at the time of his retirement.

V. VESTED RIGHT

Any member terminating employment after completing 5 years or more of creditable service may elect to leave his contributions on deposit and receive a retirement benefit commencing at age 55.

VI. RETIREMENT BENEFIT CALCULATION

A. BASIC FORMULA

1/60 × Number of years service × FAS = monthly allowance

(F.A.S. (Final Average Salary) means the 3 highest consecutive years' salary, divided by 36.)

B. OPTIONS

1. **Regular Retirement Allowance** provides the maximum retirement allowance payable to the retiree for the remainder of his life. If, at the time of his death, any balance remains when the total retirement benefits paid are subtracted from the total amount of contributions and interest that was on deposit at the time of his retirement, that amount shall be paid to the beneficiary in a lump sum, ending all monthly payments.

***Estimate Table I and examples.**

2. **Option Two Retirement Allowance** provides a reduced monthly benefit payable as long as the member or his beneficiary lives.

***Option 2 is Regular Retirement × Option 2 factor in Table II.**

3. **Option Three Retirement Allowance** provides that the retiree would receive a lesser monthly allowance than the Regular Retirement Allowance.

In the event the retiree precedes the beneficiary in death, the beneficiary would receive ½ of the retiree's monthly allowance.

***Option 3 is Regular Retirement × Option 3 factor in Table II.**

EXAMPLES

Male Member	Age 60
Female Beneficiary	Age 55
Service	20 years
Salary Average	$1,200/month

Regular Retirement Option

20/60 (1,200) = $400

This amount can also be determined from Table I.

Option #2

Regular Retirement × Option 2 Factor from Table II, member 5 years. older than beneficiary

(400) (.704) = $201.60

Option #3

Regular Retirement × Option 3 Factor from Table II, member 5 years. older than beneficiary

(400) (.827) = $330.80

Beneficiary would receive ½ or $165.40

Early Retirement

Assume member in above example was 57 years old at retirement

All amounts shown in above examples must be multiplied by .78

Regular Retirement Option	(400) (.78)	= $312.00
Option #2	(281.60) (.78)	= $219.65
Option #3	(330.80) (.78)	= $258.02/129.01

C. COST OF LIVING INCREASES

Benefit increases are provided only through legislative action. The last 5 legislatures have granted cost of living increases.

TABLE I
ESTIMATED MONTHLY RETIREMENT ALLOWANCE
(Age 60 and Over)

REGULAR RETIREMENT OPTION

FINAL COMPENSATION (ESTIMATE AVERAGE OF 3 HIGHEST YEARS OF SALARY)

Years of Service	500	600	700	800	900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
5	$ 41	$ 50	$ 58	$ 66	$ 75	$ 83	$ 91	$100	$108	$116	$125	$133	$141	$150	$158	$ 166
6	50	60	70	80	90	100	110	120	130	140	150	160	170	180	190	200
7	58	70	81	93	105	116	128	140	151	163	175	186	198	210	221	233
8	66	80	93	106	120	133	146	160	173	186	200	213	226	239	253	266
9	75	90	105	120	135	150	165	180	195	210	225	240	255	270	285	300
10	83	100	116	133	150	166	183	200	216	233	250	266	283	300	316	333
11	91	110	128	146	165	183	201	220	238	256	275	293	311	329	348	366
12	100	120	140	160	180	200	220	240	260	280	300	320	340	360	380	400
13	108	130	151	173	195	216	238	260	281	303	325	346	368	390	411	433
14	116	140	163	186	210	233	256	280	303	326	350	373	396	419	443	466
15	125	150	175	200	225	250	275	300	325	350	375	400	425	450	475	500
16	133	160	186	213	240	266	293	320	346	373	400	426	453	480	506	533
17	141	170	198	226	255	283	311	340	368	396	425	453	481	509	538	566

Years of Service	500	600	700	800	900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
18	150	180	210	240	270	300	330	360	390	420	450	480	510	540	570	600
19	158	190	221	253	285	316	348	380	411	443	475	506	538	570	601	633
20	166	200	233	266	300	333	366	400	433	466	500	533	566	600	633	666
21	175	210	245	280	315	350	385	420	455	490	525	560	595	630	665	700
22	183	220	256	293	330	366	403	440	476	513	550	586	623	660	696	733
23	191	230	268	306	345	383	421	460	498	536	575	613	651	689	728	766
24	200	240	280	320	360	400	440	480	520	560	600	640	680	720	760	800
25	208	250	291	333	375	416	458	500	541	583	625	666	708	750	791	833
26	216	260	303	346	390	433	476	520	563	606	650	693	736	779	823	866
27	225	270	315	360	405	450	495	540	585	630	675	720	765	810	855	900
28	233	280	326	373	420	466	513	560	606	653	700	746	793	840	886	933
29	241	290	338	386	435	483	531	580	628	676	725	773	821	869	918	966
30	250	300	350	400	450	500	550	600	650	700	750	800	850	900	950	1000

For retirements between the ages of 55 and 60 apply the following factors to the appropriate monthly allowance shown above:

Age	Factors
55	.67
56	.72
57	.78
58	.85
59	.92

TABLE II
MONTANA PUBLIC EMPLOYEES' RETIREMENT DIVISION
OPTION FACTORS — BASED ON RELATIVE AGES
EFFECTIVE — FEBRUARY 1, 1979

Instructions: Multiply the Regular Retirement Benefit by the applicable factor for Options 2 and 3.

	Age Difference in Years	Factors — * Option 2	Option 3
Member Older Than Beneficiary	15 or more	.600	.750
	14	.610	.758
	13	.620	.766
	12	.630	.774
	11	.640	.781
	10	.651	.788
	9	.661	.796
	9	.671	.803
	7	.682	.810
	6	.693	.819
	5	.704	.827
	4	.715	.835
	3	.726	.843
	2	.738	.851
	1	.752	.859
	0	.765	.867
Member Younger Than Beneficiary	1	.779	.875
	2	.794	.884
	3	.808	.894
	4	.824	.904
	5	.840	.915
	6	.855	.924
	7	.869	.933
	8	.882	.941
	9	.893	.947
	10	.904	.953
	11	.912	.958
	12	.920	.963
	13	.927	.967
	14	.932	.968
	15 or more	.937	.969

*Subtract .001 for each full month by which the member's age at retirement exceeds 70.

VII. DEATH BENEFITS

A. ELIGIBILITY

A death benefit shall be granted to the beneficiary of record, of any member, or former member, who dies in the following status:

1. While in service.
2. Within 4 months after discontinuance of service, but prior to retirement.
3. While receiving a retirement allowance because of a disability, providing such allowance has been in effect less than 4 months.

B. BENEFICIARY RIGHT TO CHOOSE AN OPTIONAL DEATH BENEFIT

Advise your beneficiary **now** to contact the P.E.R.D. office in the event of your death for survivorship information.

C. DESIGNATION OF BENEFICIARY

1. The beneficiary may be any living person selected by the member. A written designation of the beneficiary must be filed with the Board. The member has the right to change his beneficiary at any time providing it is in writing and in accordance with rules or regulations of the Board.

2. If no living beneficiary is named, the estate of the member becomes the beneficiary.

3. If no probate of the estate is in order, except for the amount due from the retirement system, all amounts due, including allowances accrued but not received prior to death, shall be paid directly to the next of kin or guardian of the survivor's estate on a share and share alike basis in the following order:

(a) Husband or wife; or,
(b) Children; or,
(c) Father and mother; or,
(d) Grandchildren; or,
(e) Brothers and sisters; or,
(f) Nieces and nephews.

4. Payments will be issued only after persons in any of the above-named groups have furnished the Board, with an affidavit on a form supplied by the Board, stating that there are no living persons in any groups preceding it and that the estate will not be probated. At the time of payment, the account shall be closed.

5. If no beneficiary can be located within 90 days of the member's death, or the estate becomes the beneficiary, the Board may pay all or a portion of the funeral expenses directly to the undertaker or other person(s) responsible for the expense, however, that amount shall not exceed the amount of the funeral expense. The party receiving such payment shall furnish to the Board a sworn itemized statement from the undertaker and any other documents they may require.

VIII. ALLOWANCES EXEMPT FROM EXECUTION, TAXES OR CREDIT PROCESS

Any retirement allowance or any other benefit payable to a member or beneficiary, as provided by the Public Employees' Retirement System, shall be exempt from attachment, garnishment, state or municipal taxes, execution, or any other process whatsoever and shall be unassignable, except as specifically provided by the Public Employees' Retirement System Act.

IX. WITHHOLDING OF GROUP INSURANCE PREMIUM FROM RETIREMENT BENEFIT

A retiree that belongs to an employee group insurance plan that provides for retirees to continue participation may elect to have the premium withheld from their retirement allowance by contacting the payroll clerk at the place of their employment. This provision does not include an individual insurance policy.

NOTES OR CALCULATIONS

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